

ABERDEENSHIRE COUNCIL

ECONOMIC DEVELOPMENT STRATEGY 2011-2016

Aberdeenshire Council will create the conditions for sustainable economic growth, diversification and regeneration within Aberdeenshire and the wider region by attracting and supporting businesses and industries and developing communities. We will develop a sustainable, enterprising and adaptable economy and promote Aberdeenshire locally, nationally and internationally as a location of choice for employment, tourism, living and leisure.

Foreword

I am delighted to introduce Aberdeenshire Council's Economic Development Strategy.

We want Aberdeenshire to continue to offer **the very best of Scotland** to everyone in our area.

The purpose of this strategy is to define the clear aims and priorities that Aberdeenshire Council will follow over the next five years to deliver sustainable economic development that will ensure the highest quality of life and well being. Appendix 1

Cllr Peter Argyle,
Chair Infrastructure Services Committee

Executive Summary

Aberdeenshire Council will focus its economic development effort where it is best able to make a positive impact on the local and regional economy and quality of life. This Strategy sets the strategic objectives and the priorities for change in Economic Development activity by Aberdeenshire Council.

The Council will work in partnership with a range of organisations, communities and businesses to deliver the identified strategic objectives and priorities for economic development.

Our 10 Strategic Objectives are:

1. To anchor the oil and gas sector to the north east serving the UK waters and the international industry.
2. To ensure Aberdeenshire is a location of choice for Renewable Energy businesses in order to contribute to the low carbon economy aspirations of the area.
3. To support local communities in becoming more self sufficient and sustainable through the benefits of community renewable energy schemes.
4. To ensure Aberdeenshire is the recognised major contributor to a Scotland which is known as the "Land of Food and Drink" due to the industry working together, pooling resources, sharing best practice and producing innovative high quality goods.
5. To promote Aberdeen City and Shire as a key tourism destination in Scotland and improve the visitor

experience by strengthening and supporting the tourism industry.

6. To work with partners to develop and promote a more sustainable fisheries industry to enhance resilience of the sector and its dependent communities.
7. To assist the agricultural, forestry and timber industries develop innovative and collaborative approaches in order to maximise their ability to exploit market opportunities to underpin their long term viability.
8. Work with partners to deliver Energetica as a low carbon global energy hub that is home to talented people that are attracted by a stimulating, attractive and creative environment.
9. To ensure Aberdeenshire is known as a supportive business environment that nurtures home grown businesses, promotes investment and attracts and welcomes talented people and innovative businesses.
10. To promote Aberdeenshire as an area where residents, businesses and social enterprises are encouraged and assisted to make their communities self sufficient and where there are opportunities for all.

The Council's target industries are:

- Energy;
- Food and Drink;
- Tourism;
- Agriculture and Fisheries;

The Council's priority strategic development areas are:

- Energetica;

- Enterprise;
- Communities.

Introduction

Aberdeenshire is recognised as an attractive place to live and work, with a high-quality environment, above-average incomes and low unemployment. The oil and gas sector thrives alongside traditional industries, backed by enterprising, inventive and skilled people and a strong academic sector.

This area has won a reputation for quality. We produce quality food and drink, develop quality engineering solutions and are known for our high quality of life.

However, there are significant differences in wealth and opportunity across the area and real challenges to be met as we move forward.

The deliver of the Strategy will be carried out by the Council mainly through partnership with other stakeholders in the Aberdeenshire economy. The priorities have been developed through analysis and in consultation with a wide range of partners and stakeholders. Together with a study of the Aberdeenshire economy, this information has helped define where collectively we want the economy to be and has created a framework to show what we need to do to get there.

Much of the work of the Council supports the economic development of Aberdeenshire; this Strategy will concentrate on those activities specifically aimed at assisting the economic development of businesses, industries and communities of Aberdeenshire.

2 Strategic Position and Values

The “Scottish Government Economic Strategy” sets out to “...focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.” The Strategy, launched in 2007, was supplemented in 2008 by the Government’s Economic Recovery Plan produced in response to the economic crisis. The Plan aims to make Scotland attractive to growth companies, build the sectors that have the potential to drive future growth and align investment towards new international growth markets. This is supported with assistance to skills development, infrastructure and competitive non domestic rates.

These aims along with the Government’s 15 National Outcomes, informs the Council’s work in economic development. The National Outcomes most relevant to the Council’s Economic Development Strategy are:

1. We live in a Scotland that is the most attractive place for doing business in Europe.
2. We realise our full economic potential with more and better employment opportunities for our people.

3. We are better educated, more skilled and more successful, renowned for our research and innovation.
4. We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

The Aberdeen City and Shire Economic Future (ACSEF) Manifesto (2007) has provided the basis for successful co-operation and partnership between the public and private sectors. The ACSEF strategy also provides the basis of the Aberdeenshire Community Plan action on Jobs and the Economy.

The priority sectors in the ACSEF Strategy are Energy, Food and Drink, Life Sciences and Tourism. The ACSEF project areas are:

- Delivery of a fully integrated transport network;
- Regeneration of the city centre;
- Delivery of the Energetica Masterplan;
- Planning modernisation;
- Establishment of regional profile and marketing;
- Enhancing work skills for the next generation;
- More local rail services.

3 Economic and Political Impacts since 2006

There have been many changes and developments locally and nationally since the Council's 2006 Economic Development Strategy was launched. These include:

- The formation of ACSEF and the development of Energetica.
- The changing remit of Scottish Enterprise and the allocation of local regeneration funds to the Council instead of Scottish Enterprise.
- Aberdeenshire Council taking over the management of the Business Gateway contract for Aberdeen City and Shire.
- The economic recession and constrained credit, following the global financial crisis, has led to reductions in income for businesses and public bodies.
- The requirement of the Council to work through a Single Outcome Agreement.
- The greater involvement of the Economic Development service in employability programmes.
- An increase in immigration and a growing and ageing population.
- The development of Westhill as a world class centre of the subsea industry.
- Aberdeenshire being acknowledged as having the best quality of life in the Bank of Scotland studies of 2008, 2009 and 2010.

This Economic Development Strategy has taken these factors into account as well as the impact of developing technologies,

changes to the industrial landscape and the challenging economic situation.

Picture of the Aberdeenshire Economy

In Aberdeenshire the Gross Domestic Product* (GDP) was estimated at £3,201 million in 2009, representing 3.5% of the Scottish total. Through strong commuting flows, Aberdeenshire is closely linked to the Aberdeen City economy where the GDP was £7,288m in 2009.

In 2010 the average gross weekly earnings were £587.90 for Aberdeenshire (workplace based) and £664.00 for Aberdeen. The male average gross weekly earnings for Aberdeenshire in 2010 were £617.90 (£53 more than the Scottish average) and the female average was £305.60. In Aberdeenshire the average female earnings were 49 % of the male average.

**Gross Domestic Product is a measure of the value of goods and services produced in (an area), before allowing for depreciation of capital consumption.*

Total employment in Aberdeenshire is estimated at 88,000. The majority of employees work within the service sector, predominantly in public administration, education and health. In the north of Aberdeenshire the primary industries of farming and fishing are still prevalent. Aberdeenshire's economy is also closely linked to Aberdeen City's and the North Sea oil industry, with many employees in oil related jobs. About a third of the workforce is employed in finance, IT and other

services, construction and manufacturing. The number of people working in the primary sectors of farming, fishing and forestry has steadily declined over the past decade, reflecting business consolidation and increasing mechanisation driven by rising costs, global competition, and in some instances, such as fishing, increased regulation. This has been accompanied by an increasing reliance on immigrant workers.

In Aberdeenshire 83% of the working age population are economically active, compared to 77% for Scotland. Aberdeenshire has 23.2% of residents over the age of 60 and this proportion is set to rise dramatically.

As at April 2011 unemployment in Aberdeenshire stood at 1.6%. This was lower than Aberdeen City at 2.4%, Scotland at 4.3% and the UK at 3.8%, and was the lowest rate of all the 32 Scottish local authorities.

4. Strategic Objectives and Priorities for Strategic Change

There are many factors to take into account when deciding on where to target resources. Full consideration of the information gathered from stakeholders and acknowledgment of the ACSEF priority sectors will aid decisions on which industries the Council should support.

The Council's commitment to a low carbon economy must also be reflected throughout this strategy as well as forming part of the work on the energy sector.

With our low unemployment rates any inward investment activity will be targeted to reach those businesses and industries that will move to the area for reasons other than low labour costs and low rents. This underlines the importance of the Energetica project and our work with Scottish Development International to target potential investors.

Difficult trading conditions, global competition, the fragility of traditional industries and lack of access to finance all reinforce the case for business support being given to individual businesses and to industries.

Transport issues were highlighted by the business community as the biggest barriers to growth. When asked what would make the biggest positive impact on the economy of the north east, the overwhelming answer was the early delivery of the Aberdeen Western Peripheral Route.

Taking into account the above factors, and recognising the limitations on resources, an analysis was carried out on where the Council could make the most significant impact. It concluded that **by concentrating on the target industries of Energy, Food and Drink, Tourism, Agriculture and Fisheries and the priority strategic development areas of Energetica, Enterprise and Communities the Council**

would be concentrating effort where it is best able to make a positive difference.

In conclusion, the aim of this Economic Development Strategy will **be to create the conditions for sustainable economic growth, diversification and regeneration within Aberdeenshire and the wider region by attracting and supporting businesses and industries and developing our communities. We will develop a sustainable, enterprising and adaptable economy and promote Aberdeenshire locally, nationally and internationally as a location of choice for employment, tourism, living and leisure.**

Throughout the life of this Strategy the Council will study and adjust if required its priorities for the industries that are growing in importance within the Aberdeenshire economy such as creative industries, the knowledge-based sector and university spin-offs.

Tables 1 and 2 below give details of the Strategy's "Priorities for Change". Table 1 outlines the Target Industries and Table 2 the Strategic Development Areas.

TABLE 1 - ESTABLISHING PRIORITIES FOR STRATEGIC CHANGE FOR TARGET INDUSTRIES

TARGET INDUSTRIES STRATEGIC OBJECTIVES <i>Where do we want to be in 5 years time?</i>	TARGET INDUSTRIES PRIORITIES FOR STRATEGIC CHANGE <i>Activity to enable us to achieve our strategic objectives.</i>
<p>Energy</p> <p>To anchor the oil and gas sector to the north east serving the UK Continental Shelf and the international industry.</p> <p>To ensure Aberdeenshire is a location of choice for Renewable Energy businesses in order to contribute the low carbon economy aspirations of the area.</p> <p>To support local communities in becoming more self sufficient and sustainable through the benefits of community renewable energy schemes.</p>	<ul style="list-style-type: none"> • Optimise opportunities for Aberdeenshire ports across the whole energy sector. • Identify new business opportunities and communicate these through industry trade bodies. • Establish Westhill as the recognised global capital of subsea engineering excellence. • Increase demand by continued promotion of financial benefits of renewable technologies across all sectors. • Establish use of local businesses in offshore marine renewables maintenance and installation. • Promote on-farm renewable energy. • Encourage use of low carbon transport fuels as technology develops. • Promote energy efficiency and low carbon energy use and production by businesses. • Work with the Aberdeenshire Sustainable Community Halls Group and to become a national exemplar. • Promote community heat, wind and hydro energy projects. • Identify and publicise public and private funding opportunities for early stage development of renewable energy projects. • Improve the knowledge base of those advising community groups on renewable projects.

TARGET INDUSTRIES STRATEGIC OBJECTIVES <i>Where do we want to be in 5 years time?</i>	TARGET INDUSTRIES PRIORITIES FOR STRATEGIC CHANGE <i>Activity to enable us to achieve our strategic objectives.</i>
Food and Drink	
<p>To ensure Aberdeenshire is the recognised major contributor to a Scotland which is known as the “Land of Food and Drink” due to the industry working together, pooling resources and sharing best practice.</p>	<ul style="list-style-type: none"> • Provide support to businesses on market and product development to achieve long-term sustainable growth. • Support growth through collaborative working, skills development and added value. • Encourage and develop a culture of innovation through supporting activities such as Innovation Awards. • Promote local, high quality produce within the tourism sector. • Use quality products to promote the north east.
Tourism	
<p>To promote Aberdeen City and Shire as a key tourism destination in Scotland and improve the visitor experience by strengthening and supporting the tourism industry.</p>	<ul style="list-style-type: none"> • Develop a new industry led Area Tourism Strategy • Support the further development of the Royal Deeside and Cairngorms and the Banffshire Coast Destination Management Organisations. • Support initiatives to increase the quality and quantity of the accommodation sector. • Encourage activity tourism by developing long distance walking and cycling routes, promoting mountain biking, wildlife and coastal leisure activities. • Maximise the opportunities brought about by new international golf developments • Support the Aberdeenshire film office in creating creative industry opportunities. • Economic Development, Sports Development and Arts Development officers will collaborate on promoting events and attractions in the area. • Assist with promoting the whole Moray and Banffshire Coast with Moray partners to attract visitors travelling from the west. • Market and promote the Area and its natural heritage to target audiences in conjunction with VisitScotland. • Work with the industry to provide the support and infrastructure to grow the industry and improve the quality and increase the variety of accommodation in Aberdeenshire.

TARGET INDUSTRIES STRATEGIC OBJECTIVES <i>Where do we want to be in 5 years time?</i>	TARGET INDUSTRIES PRIORITIES FOR STRATEGIC CHANGE <i>Activity to enable us to achieve our strategic objectives.</i>
Fishing Work with partners to develop and promote a more sustainable fisheries industry to enhance resilience of the sector and its dependent communities.	<ul style="list-style-type: none"> • Support the development of value-added seafood products to maximise the value of seafood which is landed, processed and marketed. • Ensure Aberdeenshire ports continue to be the major European ports for quality seafood supplying national and international markets. • Assist the sector in accessing European funding. • Lobby on issues of importance to the Aberdeenshire industry. • Lead the Aberdeenshire European Fisheries Fund Axis 4 Fund to enhance coastal communities and their economies. • Work with relevant bodies to mitigate any negative impacts of the new Common Fisheries Policy on the north east industry.
Agriculture and Forestry To assist the agricultural, forestry and timber industries develop innovative and collaborative approaches in order to maximise their ability to exploit market opportunities to underpin their long term viability.	<ul style="list-style-type: none"> • Promote development of locally owned biomass projects. • Assist the sector in accessing European funding. • Promote rural businesses to recover more value from co-products. • Encourage an enhanced market share for local timber in construction. • Offer business support for diversification and added value. • Lobby on issues of importance to Aberdeenshire farming and forestry industries.

TABLE 2 - ESTABLISHING PRIORITIES FOR STRATEGIC CHANGE

KEY PROJECT AREAS STRATEGIC OBJECTIVES <i>Where do we want to be in 5 years time?</i>	KEY PROJECT AREAS PRIORITIES FOR STRATEGIC CHANGE <i>Activity to enable us to achieve our strategic objectives</i>
Energetica	
<p>Work with partners to deliver Energetica as a low carbon global energy hub that is home to talented people that are attracted by a stimulating, attractive and creative environment.</p>	<ul style="list-style-type: none"> • Carry out promotion activities to create high awareness of Energetica as a destination amongst key audiences throughout UK, Europe and beyond. • Assist key infrastructural projects to proceed e.g. the Aberdeen Western Peripheral Route and the Balmedie to Tippetty Dualing. • Gain acceptance and implementation of the Energetica Design Guidance by developers and stakeholders. • Lead and actively participate in the delivery of the Energetica Workstreams. • Work with BAA Aberdeen to continue to improve airport infrastructure and international connectivity
Enterprise	
<p>To ensure Aberdeenshire is known as a supportive business environment that nurtures home grown businesses, promotes investment and attracts and welcomes talented people and innovative businesses.</p>	<ul style="list-style-type: none"> • Work with the Scottish Government to ensure the post 2012 Business Gateway contract is in place and suits the needs of businesses in Aberdeenshire. • Increase connectivity with projects such as ensuring Aberdeenshire gains broadband speeds of 40 Mbps for upload and 100 Mbps for download and double that in the Energetica corridor. • Assist Small and Medium Enterprises to access more loan and equity funding. • Assist individual businesses in the target industries with business advice, operational support, export advice and attendance at trade shows. • Work with and assist Scottish Development International and Scottish Enterprise on inward investment enquiries in order to initiate enquiries from targeted parties for all parts of Aberdeenshire. • Assist with the delivery of a modern planning system. • Consider using the Prudential Code to assist businesses through leasing and building agreements.

KEY PROJECT AREAS STRATEGIC OBJECTIVES <i>Where do we want to be in 5 years time?</i>	KEY PROJECT AREAS PRIORITIES FOR STRATEGIC CHANGE <i>Activity to enable us to achieve our strategic objectives</i>
	<ul style="list-style-type: none"> • Ensure a supply of serviced industrial locations and business centres in the area. • Consult the leaders of the manufacturing sectors to identify their needs. • Work with partners to deliver an integrated and efficient transport system.
Communities	
<p>Promote Aberdeenshire as an area where residents, businesses and social enterprises are encouraged and assisted to make their communities self sufficient and where there are opportunities for all.</p>	<ul style="list-style-type: none"> • Deliver the Council's Framework for Regeneration 2010 for the Strategic Priority Areas, especially in the towns of Banff, Macduff, Peterhead and Fraserburgh. • Assist community groups and social enterprises in taking over assets and services from the Council. • Initiate an Aberdeenshire Town Centres Plan of Action to strengthen the economic base of towns. • Further develop the network of Rural Partnerships to cover the whole of Aberdeenshire and ensure they are recognised and used by the Scottish Government, community economic development groups, Council and other bodies. • Work with all the Council Services to ensure that Rural Partnerships are contractors of choice when undertaking work within communities. • Help the Cairngorms National Park Authority to make the Park an exemplar of sustainable development, showing how people and place can thrive together. • Lobby to ensure the next European Structural Funds Programme 2013-2020 will benefit Aberdeenshire. • Create a single unit within the Council to lead on employability work which will focus on reducing the number of people on benefit in Aberdeenshire. • Develop the resources to draw down external funds for the Council and communities. • Assist with the development of the social enterprise sector. • The Council will work with private and social landlords and other strategic partners to maximise community benefits through community clauses in contracts. • Along with industries the Council will identify and communicate the work skills needed

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	by the industries in the North East.